



**Sinomax Group Limited**

**盛諾集團有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability)*

**(Stock Code: 1418)**

(the “**Company**”, together with its subsidiaries, the “**Group**”)

## **ANTI-FRAUD AND ANTI-BRIBERY POLICY**

### **1. POLICY STATEMENT**

- 1.1 The Company is committed to upholding high ethical standards and act with integrity, honesty, fairness, impartiality, transparency in our business practices. The Company strictly prohibits any form of fraud or bribery, money laundering, corruption, or financing of terrorism and is committed to the prevention, deterrence, detection and investigation of all forms of such.
- 1.2 The board (the “**Board**”) of directors (the “**Directors**”) of the Company (the “**Board**”) is accountable to the implementation of the anti-fraud and anti-bribery efforts of the Group (which includes values, code of ethics, risk management, internal controls, communication and training, oversight and monitoring) and will review this Anti-Fraud and Anti-Bribery Policy (the “**Policy**”) periodically to ensure that it is operating effectively and consider whether any changes to the Policy are required. Directors and senior management of the Company are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material fraudulent or bribery activities committed within the Group.

- 1.3 Any form of fraud, bribery, money laundering, corruption, or financing of terrorism, whether in Hong Kong or elsewhere damages a company's reputation and undermines its relationship with its regulators and its customers, business partners and competitors. It may lead to criminal prosecution of or regulatory action against a company and/or its employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage a company's business. It is also important for us to comply with the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong), amongst other relevant laws of other countries or regions as appropriate. Definition of fraud and some examples of fraudulent behaviour that may impact the Group are set out in Appendix 1 to this Policy.
- 1.4 This Policy applies to the Group, and to all directors, officers, employees of the Group (which for these purposes includes temporary or contract staff) (the "**Employees**"), and its Third Party Representatives (as further described in paragraph 7 below).
- 1.5 All Employees are required to adhere to this Policy, as well as any additional requirements set by their employing company or by local law (which may be stricter than those set out in this Policy), the breach of which may lead to disciplinary action or referral to law enforcement agencies for serious breaches that might ultimately result in termination of employment and/or personal civil or criminal sanctions.
- 1.6 This Policy sets out the minimum standards of conduct to which all Employees are required to adhere.
- 1.7 Questions in relation to this Policy should be directed to the Group's Chief Financial Officer (the "**Designated Director**").

## **2. PROHIBITION ON IMPROPER PAYMENTS, KICKBACKS AND OTHER FORMS OF BRIBERY**

- 2.1 Guidance on what could constitute bribery is contained in Appendix 2 to this Policy.

2.2 Employees are strictly prohibited (whether acting in their own capacity or on behalf of the Group) from:

- (a) offering, promising, giving or authorising, directly or indirectly, any bribe or kickback to or for the benefit of any person (whether in private or public office) in order to obtain any improper business or other improper advantage for the Group;
- (b) soliciting, accepting or receiving (whether for the benefit of the Group, their own benefit or that of their family, friends, associates or acquaintances) any bribe or kickback from any person (whether in private or public office) in return for providing any improper business or other improper advantage in relation to the business of the Group;
- (c) otherwise using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or
- (d) acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.

2.3 In addition to complying strictly with the provisions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt, illegal or otherwise inappropriate.

### **3. FACILITATION PAYMENTS**

3.1 Facilitation payments (i.e. unofficial payments demanded in return for speeding up or securing the performance of routine government actions, such as obtaining visas, permits or licences) are prohibited. Facilitation payments may also constitute a bribe. If the Employee is in doubt, he/she has to consult the Group's legal counsel before making any facilitation payment.

## 4. GIFTS AND HOSPITALITY

4.1 Business gifts and hospitality (the “**Business Courtesies**”) are customary courtesies designed to build goodwill among business partners. In some cultures, they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, the ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided. The following guidelines apply at all times.

4.2 Business Courtesies must comply with the following principles:

- (a) they must be reasonable and not excessive;
- (b) they must be of modest value, when considered separately or in the context of other gifts and hospitality offered;
- (c) they must be offered or received in an open and transparent manner;
- (d) they must be appropriate and consistent with reasonable business practice;
- (e) they must be provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient’s objectivity in making a specific business decision;
- (f) they should never be offered in return for financial or personal gain or favour; and
- (g) they must be permissible under all applicable laws, rules, regulations and policies. When dealing with a public official, the official’s country will often have laws imposing limits on the level of hospitality and gifts which can be accepted, and those laws must be strictly adhered to. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient’s organisation.

- 4.3 Employees should use good judgment; “everyone else is doing it” is not sufficient justification. Even if no undue favour is involved, acceptance of advantages from persons having business dealings with us is prohibited. Employees should consider whether public disclosure of the Business Courtesy would cause embarrassment to the Group or the recipient; if it would be, it should not be provided or accepted. In determining whether a specific business courtesy lies within the bounds of acceptable business practice, Employees are encouraged to discuss the issue with their supervisor.
- 4.4 Employees shall report business courtesies outside the normal course of business to the Designated Director whenever accepted, given or rejected. The record must expressly state the nature, purpose, value (if known) and date of the Business Courtesy and also details of the giver/receiver of the Business Courtesy. The Designated Director shall keep record of and preserve such records received in accordance with the Group’s retention policy.
- 4.5 In exceptional case and subject to pre-approval by the Designated Director on a case-by-case basis, the limits shall not exceed HK\$500 or equivalent. In determining whether to approve gifts of a value higher than the pre-approved maximum, the Designated Director shall follow the principles set out in paragraphs 4.2 and 4.3 above.

## **5. PROCUREMENT OF GOODS AND SERVICES BY THE GROUP AND OTHER BUSINESS PARTNERS**

- 5.1 The Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Group conducts its procurement practices in a fair and transparent manner and Employees must act with due care and diligence when evaluating prospective contractors and suppliers.

5.2 The Group will not deal with contractors and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activity. Appropriate levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing contractors and suppliers and other business partners (such as a joint venture partner) commensurate with the bribery risk associated with a particular relationship.

## 6. THIRD PARTY REPRESENTATIVES

6.1 Anti-bribery legislation in some countries imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. The Group is committed to promoting anti-fraud and anti-bribery practices amongst any third party representatives it engages ("**Third Party Representatives**"). Third Party Representatives could include amongst others, advisers, agents, introducers and finders, consultants, contractors and political lobbyists. The prohibitions in this Policy apply to Third Party Representatives engaged to represent the interests of the Group, a breach of which could result in termination of their engagement.

6.2 The approvals in writing from the Designated Director are required before the appointment of any Third Party Representative.

6.3 To minimise the risk of Third Party Representatives engaging in inappropriate conduct, relevant departments/Group companies should:

- (a) always act with due care and diligence in selecting Third Party Representatives and in monitoring their activities;
- (b) ensure that Third Party Representatives are aware of and respect the Anti-Fraud and Anti-Bribery Policy;
- (c) ensure that all fees and expenses paid to Third Party Representatives represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party Representative; and
- (d) keep accurate financial records of all payments.

## **7. COMMUNICATION AND TRAINING**

- 7.1 Each member of the Group should ensure that Employees are informed about and understand this Policy, including applicable local procedures and requirements, and procedure for reporting actual or suspected breaches of this Policy and suspicious activity. Each member of the Group is to make this Policy available to all Employees (whether in hard copy or online) and to provide briefings to new Employees thereon. Regular trainings relating to integrity, the fraud and bribery risks faced by the organisation, as well as compliance with laws, regulations and standards of conduct, which are relevant for their field of business, and how Employees recognise and deal with them, are available to Employees.
- 7.2 It is every Employee's responsibility to counter fraud and bribery by adhering to this Policy.
- 7.3 It is the responsibility of every manager to communicate this Policy to Employees. Managers should ensure that all Employees reporting to them, and external parties within their area of responsibility working on behalf of their respective companies, understand and comply with the prohibitions in this Policy.
- 7.4 No Employee will suffer demotion, penalty, or other adverse consequences for refusing the bribes even if such refusal may result in the Group losing business.

## **8. CONFLICT OF INTEREST**

- 8.1 If conflict of interest situations are not properly identified and managed, they can seriously endanger the integrity of the Group and result in corruption. Directors, officers and employees should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Company) or the perception of such conflicts.
- 8.2 Some common examples of conflict of interest are described below but they are by no means exhaustive:
- (a) An Employee involved in a procurement exercise is closely related to or has financial interest in the business of a supplier who is being considered for selection by the Company.

- (b) A Director has financial interest in a company whose quotation or tender is under consideration by the Board.
- (c) An Employee (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

8.3 When actual or potential conflict of interest arises, the Director or Employee should make a declaration to the Chairman of the Board or the Designated Director (as the case may be). A sample declaration form is attached to this policy as Appendix 3. Any Director or Employee so involved should refrain from participating in the process to the extent possible and necessary should there be any potential conflict of interest that could be arisen during the course of carrying out his/her duties. In such case, the relevant department head should consider reassigning the concerned duties to other staff members. In case the Designated Director has actual or potential conflict of interest, one should make a declaration to the Board.

## **9. BOOKS AND RECORDS**

- 9.1 Each Group company should establish a robust financial and accounting control system, including adequate segregation of duties, authorisation controls and logging of entries or changes to ensure the accuracy and completeness of its books of account, as well as to prevent or detect any irregularities. Such system is subject to regular review and audit.
- 9.2 Accurate records of all company transactions and (where required under paragraph 4.4) Business Courtesies must be kept. All receipts and expenditures must be supported by documents that describe them accurately and properly. The falsification of any book, record or account of any company within the Group is prohibited.
- 9.3 Employees must not pay for Business Courtesies personally as a means of evading the requirements of this Policy.



## **10. REPORTING OF BRIBERY AND SUSPICIOUS ACTIVITY**

- 10.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents to the Designated Director. The report will also be referred to the Board for its attention any material incidents relating to breaches of this Policy. Please also refer to the Whistleblowing Policy which provides a mechanism for Employees and those who deal with the Group to raise concerns on any suspected impropriety, misconduct or malpractice through confidential reporting channels.
- 10.2 To facilitate the formal risk review and assessment by the Group, all functional units should keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to the internal audit function on a quarterly basis. In addition, all the relevant information related to such cases should be made readily available for independent review and follow-up by the internal audit function.
- 10.3 To facilitate the formal risk review and assessment by the Group, the internal audit function is assigned to keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to the Designated Director on a quarterly basis. In addition, all the relevant information related to such cases should be made readily available for review and follow up by the internal audit function.
- 10.4 Employees are actively encouraged to report any concerns regarding fraud and bribery. The Designated Director is responsible to ensure that such complaints are logged, investigated and appropriate action is taken. All reports of fraud or bribery are to be investigated and appropriate sanctions employed. Complaints are to be treated confidentially to the extent possible, and Employees raising legitimate concerns in good faith are to be protected; retaliation of any kind against any Employee for making good faith reports about actual or suspected violation of this Policy is not permitted.

10.5 Employees must cooperate fully and openly with any investigation into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to the Employee being subject to disciplinary action, up to and including dismissal.

21 February 2022

## APPENDIX 1:

## FRAUD

1. The term “fraud” commonly encompasses deceptive conduct with the intention of making some form of financial or personal gain, or causing another person suffers a loss. It includes, but is not limited to, deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
2. Examples of general types of fraudulent behaviour that may impact the Group include but not limited to:
  - (a) obtaining financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty;
  - (b) unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
  - (c) improper use of business information not released to the public and/or commercially sensitive information;
  - (d) theft, unauthorised use and/or disposal of Group assets or resources;
  - (e) false accounting and/or misleading disclosures;
  - (f) false declaration of work performed or misstatement of materials used in projects;  
and
  - (g) false payroll, false invoicing or false expense claims.
3. There is no set monetary threshold that defines a fraud. It is not necessary for the fraud to be successful to be viewed as a fraud.

## **APPENDIX 2:**

## **BRIBERY**

1. Bribery involves giving, promising or offering to give any advantage, directly or indirectly, to a public servant (i.e. officers, members and employees of public bodies) or any employee of a company or other person connected with a business, as an inducement to or reward for or otherwise on account of such person's conduct in relation to the affairs of their employer or principal. It also involves soliciting or accepting bribes.
2. Bribery usually occurs where a person offers advantages to another as an inducement to or reward for the recipient's improper performance of duties (usually to win or retain business or advantages), or where the recipient abuses his authority or position for personal gain. Bribery can also take place where the offer or payment is made by or through a third party.
3. Bribes and kickbacks can consist of anything of value (i.e. an "advantage"), including:
  - gifts, excessive entertainment and hospitality, sponsored travel and accommodation;
  - cash payments, whether by or to employees or business partners such as agents, finders, introducers or consultants;
  - other favours provided by or to public officials, suppliers or customers, such as engaging a company owned by a member of a public official or customer's family;
  - free use of a company's services, facilities or property; and
  - loans, loan guarantees or other extensions of credit on preferential terms, or other intangible forms of preferential treatment.
4. If Employees spot any of the "Red Flags" in their dealings with a person/entity with whom the Group does or proposes to do business that arouse suspicion of bribery, they should report the matter to the Designated Director.
5. Some countries, for example, the United Kingdom and the United States, have enacted anti-bribery laws which apply to the actions of citizens and domestic companies even if the activity takes place outside the United Kingdom or the United States. The anti-bribery laws in the United Kingdom can also apply to companies wherever incorporated which carry on a business or a part of a business in any part of the United Kingdom. Breach of these laws can lead to severe penalties for companies and individuals.

## APPENDIX 3



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### **Declaration of Conflict of Interest by Board Members**

#### **Part A – Declaration** *(To be completed by Declaring Member)*

To: Chairman of the Board

I would like to report the following existing/potential\* conflict of interest situation in relation to the discussion item:

<b>(i) Matter to be discussed by the Board</b>
<b>(ii) Brief description of my connection with the matter in (i) above (e.g. directorship in a company which is connected with the matter)</b>

\_\_\_\_\_  
(Name of Declaring Member)  
(Date)

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#### **Part B – Acknowledgement** *(To be completed by Chairman)*

To: (Declaring Member)

#### **Acknowledgement of Declaration**

The information contained in your declaration form of \_\_\_\_\_ (Date) is noted. It has been decided that:

- You may continue to speak and vote on the matter as described in Part A, provided that there is no change in the information declared above.
- You may continue to speak but should not vote on the matter as described in Part A, provided that there is no change in the information declared above.
- You may remain in the meeting as an observer on the matter as described in Part A, provided that there is no change in the information declared above.
- You should withdraw from the meeting and immediately return to the secretary any documents regarding the matter sent to you earlier.
- Others (please specify): \_\_\_\_\_

\_\_\_\_\_  
(Name of Chairman)  
Chairman of the Board  
(Date)

\* Please delete as appropriate

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### **Declaration of Conflict of Interest by Staff**

#### **Part A – Declaration** *(To be completed by Declaring Staff)*

To: (Approving Authority) via (supervisor of the Declaring Staff)

I would like to report the following existing/potential\* conflict of interest situation arising during the discharge of my official duties:

<b>Persons/companies with whom/which I have official dealings</b>
<b>My relationship with the persons/companies (e.g. relative)</b>
<b>Relationship of the persons/companies with our Group (e.g. supplier)</b>
<b>Brief description of my duties which involved the persons/companies (e.g. handling of tender exercise)</b>

\_\_\_\_\_  
(Name of Declaring Staff)

(Title/Department)

(Date)

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**Part B – Acknowledgement** *(To be completed by Approving Authority)*

To: (Declaring Staff) via (supervisor of the Declaring Staff)

#### **Acknowledgement of Declaration**

The information contained in your declaration form of \_\_\_\_\_ (Date) is noted. It has been decided that:

- You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- You may continue to handle the work as described in Part A, provided that there is no change in the information declared above.
- Others (please specify): \_\_\_\_\_

\_\_\_\_\_  
(Name of Approving Authority)

(Title/Department)

(Date)

\* Please delete as appropriate